

There are 23 million acres of land there available. We have held four lease sales in that area since 1999. So far they have leased 3.6 million acres out of the 23 million. We are going to try to lease some more there to see if there is any interest. All this talk about Alaska being the answer to our prayers, they do not explain as well that it is 10 or 12 years away, if there is any production, and when, if it ever came in, even at the wildest estimates, it would not have any impact of more than pennies or nickels on the actual cost of oil and the price of gasoline.

I joined with Senators DODD and MENENDEZ to charge oil companies a fee for every acre they lease but do not use for production. I have heard critics on the other side say that is unfair to the oil companies. Why should they be able to tie up the land if they are not going to use it? Should not we make it available to oil companies that might explore and might produce on that land? Is that not what we need? Even the Republicans would have to agree with that argument.

When it comes to offshore drilling, I mentioned the 68 million acres. The red areas are Federal offshore land leased to oil companies which they are currently not exploring or producing on. The dark acres, they are. There is a lot of land available.

I wish to say a word about speculation too. We have offered to the Republicans the following. We have a bill, a bill which I was at least partially responsible for writing, which says we need more regulators to keep an eye on speculation when it comes to oil and its prices.

I think that is something that is eminently reasonable. This is a good indication. In the year 2000, 37 percent of the oil futures market was for speculators. These are basically investment companies, investment banks. And 63 percent represented companies that were actually hedging the price of oil, because they used oil, such as airlines.

Look how that has changed in the last 8 years. Seventy-one percent of the oil futures market is in the hands of speculators who literally never take control of the oil they are bidding on, and only 29 percent represent companies that use it for the purpose that most of us would agree it should be intended.

So we know speculation is growing when it comes to oil, and we know the transactions have gone up 600 percent in the last 8 or 10 years. The size of the agency that regulates it has not; in fact, it has declined. We want to put 100 more regulators, overseers, in this agency to keep an eye on this energy futures market to see if there is excessive speculation or even manipulation and do something about it.

The bill I introduced, and the one that is included in the Democratic plan, would increase by 100 the number of full-time employees involved in regulation. We would also put more money into computer technology so they can

follow these markets even more closely. We would have more transparency when it comes to these markets so we understand who is trading what and when, so if we see big movements in the market, our people who are keeping an eye on it can look more closely.

I think most agree we want to bring more markets into regulation, not just NYMEX in New York but the ICE exchange in London. They are agreeable to this regulation. We would also like to bring in, if we can, the over-the-counter markets, which frankly we do not even know the size of. There are companies that are involved in swaps and over-the-counter trades, done almost on a private basis with no disclosure. We do not know what is going on in these markets. I think we should.

So this kind of disclosure and transparency is part of it. We also try to make sure that as we do, in many other commodities, that we limit the size of trades. If you are involved in this futures market, because your airline needs to make certain that you are not burned by future oil prices, we want you to be able to trade. That is a so-called commercial use of the futures market, a healthy thing. Southwest Airlines has proven that. But for those in the market simply to play the game, to speculate, we think there ought to be a limit on how far they can go.

I think that may be one of the major differences between the Republican and Democratic positions. But the point I wish to make is that speculation itself is not inherently evil. Excessive speculation should be followed carefully to make sure that it is not getting out of hand. Manipulation is absolutely unacceptable.

Now, some on the other side—Senator KYL of Arizona—got up and said what is happening in futures, as a matter of fact, is give and take, supply and demand, things happen, and people try to guess whether they are going to impact the price of oil.

Well, there are a lot of experts who take a look at the future price of oil. This chart tells you that one of the Federal agencies that is involved in this, that we spend a lot of money on, has been giving its estimate since May of 2007 of what would happen to the price of oil.

Here it was starting at \$65 a barrel. They said in May of 2007, it was likely to go below \$60. Then, in July of 2007, they made a new estimate. They said: Well, it is now \$67, \$68 a barrel, it will probably be going down to \$66 a barrel, and so forth. So you can see the lines of their predictions. These are the experts hired by the Federal Government who took a look at market conditions, supply and demand, and made the flowing estimates on where the prices could go.

This red line, incidentally, reflects what happened to the prices. This is how much they missed it. They did not see that it was headed north of \$125 a barrel and did not even expect that to happen. They did not find any market

conditions that would drive it up that high. That is why some of us want to ask the question: How much of today's current price of oil and price of gasoline has to do with market speculation?

There are a lot of different points of view. Here is Secretary Bodman's point of view, June 11 of this year: The reason we are looking at these very high prices for oil is strictly supply and demand.

That is the administration's position. No surprise. Our President and Vice President come from the oil industry. The oil industry has done pretty well under their watch. The people they have appointed to the Cabinet think this is the market at work.

But there are others on the outside who see it a little differently. The New Jersey Star Ledger, January of this year: Experts, including the former head of Exxon, say financial speculation in the energy markets has grown so much over the last 30 years that it now adds 20 to 30 percent or more to the price of a barrel of oil.

And here is a specific individual, Stephen Simon, a senior vice president at ExxonMobil, testifying under oath before the House of Representatives, who said: The price of oil should be about \$50 to \$55 per barrel.

It is more than twice what it ought to be. So when we want to have more resources to look at speculation in the energy futures market, I do not think it is unreasonable. I think we can protect the legitimate commercial application of the futures market for airlines and others, those that need it, and still do our best to slow down excessive speculation and manipulation that lead to higher prices.

We have been trying to get an agreement with the Republicans about how to proceed because I think the worst thing that can occur is that we do nothing. We want to do something.

First, address speculation with the Democratic bill. We have said to Republicans: Offer your version. If you do not want to offer a bill, vote against ours if you wish. But we offer you this opportunity to put your amendment on the floor on speculation, whatever it happens to be. We will go head to head, one amendment against the other. We will have a pretty good debate, I am sure. We will have the same vote requirement for both. We will let the Senate work its will. It is a 51 to 49 Senate. It takes 60 votes to pass a measure of this complexity. Let's see what happens. I think that is fair. How can they argue? They get to write their own version of their amendment. If they do not think speculation is an issue, they do not have to offer anything.

The second thing we offered them is: Prepare the Republican approach to dealing with the energy crisis, put it in a package. You write it, we have nothing to say about it, as long as it is clearly about energy. Put yours on the table. We will put ours on the table.